

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 854

March 24, 2013

SUMMARY OF BILL: Establishes a new liquor-by-the-drink license for firms defined as “live music venues”. Such firms will not be required to sell food as a prerequisite for licensing.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$200,000/ABC Fund

Forgone State Revenue - \$40,000/ABC Fund

Assumptions:

- The overwhelming majority of firms that obtain this license will be firms that otherwise qualify, or would have qualified, as a limited service restaurant with required minimum food sales of 15 percent of total sales. The cost of a license for these firms is \$4,000.
- The initial application fee will be the same for limited service restaurants as it would be for live music venues.
- The license fee for a live music venue would be \$2,000 per the provisions of the bill.
- It is assumed that in the first year, a minimum of 100 licensees that currently have a limited service license with minimum 15 percent food sales will switch to the new live music venue license. Because the difference in price between the two licenses is \$2,000 (\$4,000 limited service restaurant - \$2,000 live music venue), there will be a recurring decrease in state revenue to the ABC Fund of \$200,000 (\$2,000 price differential x 100 entities).
- It is further assumed, in the absence of this bill, 20 new qualifying entities will be licensed as limited service restaurants each year. As a result, there will be recurring forgone revenue to the ABC Fund of approximately \$40,000 (20 entities x \$2,000 price differential).
- Any increase in state and local tax collections resulting from a change in the type of sales made for these locations is estimated to be not significant.
- Any change in local privilege tax collections resulting from a change in licensure is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/cce